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78-4113

25 OCT 1978

MEMORANDUM FOR: Deputy Director for Administration

FROM : Deputy Director of Central Intelligence

SUBJECT : Financial Guidance for FY 1979

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1. The Congress continues to intensify its review of the Agency's program and budget. It has made very specific adjustments in the Agency's FY 1979 Budget request and in addition has provided guidance on certain activities and programs which we are required to follow. We need to take action to ensure compliance with Congressional directives. It is with the recognition of this increased Congressional attention that the financial guidance and the changes in procedures for controlling the Agency's resources and for monitoring execution of the Agency's budget are provided.

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2. The program levels for the Administration Directorate are positions. This level reflects final Congressional action on the Agency's FY 1979 Budget request. Specifically, it reflects the following adjustments in the DDA FY 1979 Congressional Budget request:

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a. A net decrease of positions associated with the ICS reprogramming to augment the CTS and RMS, a reduction of 40 positions directed by the Congress, 2 positions reprogrammed to the O/DCI, and 1 position transferred from the DDS&T to the Office of Communications).

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A reduction of \$2,100,000 directed by the Congress as a reduction in General Support costs.

c. A reduction of \$185,000 as the DDA (i.e., Office of Communications) share of a Congressionally-directed reduction

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d. A reduction of \$500,000 in internal training. This has the effect of establishing a control on funds for the Office of Training. The FY 1979 operating amount for the Office of Training may not exceed exclusive of FY 1979 Pay Act costs.

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e. A reduction of \$49,000 as the DDA share of the Congressionally-directed reduction in external training. The aggregate of all funds included in the DDA components' operating amounts for FY 1979 for external training (Subobject Class 2515) may not exceed

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- f. A reduction of \$100,000 as the DDA share of Congressionally-directed reduction in travel. The aggregate of all funds included in the DDA components' operating amount for FY 1979 in Object Class 21 may not exceed [redacted]. In addition, within this total, there is a further control on "Administrative Travel" (i.e., Subobject Classes 2138 and 2139). This will be the subject of later guidance to be provided by the Comptroller.
- g. An increase of \$507,000 resulting from the transfer of the COMSEC RD&E function to Office of Communications from the Science and Technology Directorate.
- h. FY 1979 Pay Act costs of [redacted]

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3. [redacted] Within the operating amount, [redacted] is provided for the costs of personal services (Object Classes 11, 12, and 13). You may allocate these monies to components as required and reprogram between components but may not convert them to non-personal services object classes without the Comptroller's prior approval. Funds to cover the October 1978 Pay Act are a part of the operating amount specified and should be included in your operating amount in the Financial Resources System (FRS), but Pay Act funds will not be allotted until the Congress has acted on the supplemental Pay Act appropriation and OMB has apportioned the funds.

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4. [redacted] Effective with 1979, all Career Trainees will be employed initially as temporary employees. While the Office of Training will fund all non-personal services costs associated with the Career Training Program, the sponsoring directorate (i.e., the directorate to which the Career Trainee will be assigned following completion of training) will fund all personal services costs (i.e., salary and benefits). Accordingly, you should designate a unique project number (FAN) for the administration of Career Trainee costs and ensure that sufficient funds are allocated to this project number to meet your Career Trainee requirements for 1979. You should advise the Comptroller and the Director of Training of the project number established for this purpose.

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5. [redacted] The FRS operating budget data base now contains FY 1979 data as shown in the FY 1979 column of the FY 1980 Budget Estimates submission. The existing FRS operating budget data should be adjusted to conform with the program levels (funds and positions) authorized in this memorandum. As in the past, you are expected to keep records and controls over your resources by major component and to continue to provide project number (FAN) and subobject class data to the FRS to facilitate review and monitoring of the way resources are being used.

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6. [redacted] In FY 1979 we made substantial progress in further improving the management of our limited resources, but much remains to be done to reduce the uncertainties associated with providing funds

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✓ during the closing months of the fiscal year to meet essential unbudgeted requirements. It is imperative that you continue to exercise candor in identifying surplus funds and to identify early in the year those reprogramming needs which exceed authorization thresholds. Many important and essential activities were kept on schedule during FY 1978 by the forthright and professional way in which managers responded to solve our many and varied resource needs. I encourage your ideas and suggestions for ways to improve our utilization of the FRS to provide better management information.

25X1 7. Reprogramming is subject to rules and guidelines prescribed by the Congress. Approval of the DCI is required before Congress is notified or asked to approve any reprogramming action. Congressional notification and/or approval may be required where reprogramming involves:

- any activity which is politically sensitive or which could potentially be embarrassing to the US;
- any activity that has been specifically reduced or stricken from the program by Congressional action (items noted in paragraph 2);
- any proposed significant activity not specifically authorized by Congress;
- 25X1 -- an increase of or more in procurement or personal services costs;
- an increase in any R&D program of or more;
- any below-threshold action involving a new program that will result in significant follow-on costs; and
- any item designated of special Congressional interest.

25X1 8. The need to ensure adherence to Congressional guidelines as well as the austerity of our program makes it necessary for us to pay particular attention to reprogramming actions. Accordingly, proposals to reprogram non-personal services funds in amounts of \$100,000 or more between major object classes or project numbers (FANs), or in any amount for actions requiring approval or notification of the Congress, must be submitted to the Comptroller for review. The Comptroller will approve, in consultation with the DDCI as appropriate, those reprogramming requests which do not require Congressional notification or approval and will arrange for submission to the DCI and Congress of those that do.

25X1 9. As in the past, the Comptroller will meet as necessary with the deputy directors to review the status of the Agency's financial and manpower situation. At the Comptroller meetings, actions will

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be taken to correct imbalances in needs and resources. In preparation for scheduled Comptroller meetings, the directorate will provide the Comptroller with a report within five working days after trend reports are issued. The report shall contain: (1) non-personal services commitments by subobject class and purpose, (2) personal services requirements to year-end by object class, (3) funds available for reprogramming, (4) obligations and unobligated commitments on items of special interest as identified by the Comptroller, and (5) unfunded requirements.

25X1 10. [] Commitments include only those items on which formal action has been initiated to incur obligations, but because of administrative/procurement/contract processing and/or other delays, the obligations have not been recorded in the FRS. Unfunded requirements should be prioritized and listed by categories as "Hard," "High Priority," and "Other." "Hard" requirements are those for which CIA has no option but to provide the needed funds in the current year. Other requirements will be classified either "High Priority" or "Other" depending on the urgency and importance of the need. "High Priority" unfunded requirements are those that are not mandatory but are so vital to Agency operations as to cause serious damage if not funded in the current year. The bulk of unfunded requirements would be designated "Other."

25X1 11. [] After 31 July 1979, conversions of funds to Property Requisitioning Authority (PRA) or PRA to funds will be allowed only when fully justified in writing and the deputy director concerned has certified the need.

25X1 12. [] You are requested to furnish copies of this memorandum to subordinate components as necessary to ensure understanding and compliance.

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Frank C. Carlucci

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